

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

AID-05 CU-02 PC-01 /048 W

----- 096528

R 252130Z MAR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4462

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EO 11652: N/A

TAGS: PNT, ELAB, PE

SUBJECT: GOP FACES LABOR DIFFICULTIES

1. A BANK STRIKE WHICH CONTINUES UNRESOLVED DESPITE A GOP-DECREED SETTLEMENT MAY BE THE PRELUDE TO INCREASING LABOR STRIFE FOLLOWING A RELATIVELY QUIET SUMMER SEASON. BOTH INFLATION-INDUCED EROSION OF PURCHASING POWER AND POLITICAL CONSIDERATIONS ARE BEHIND RISING TENSIONS IN THE LABOR FIELD.

2. THE FEDERATION OF BANK EMPLOYEES (FEB) AFFILIATED TO THE COMMUNIST LABOR UNION (CGTP) CALLED OUT 20,000 BANK EMPLOYEES IN SUPPORT OF DEMANDS FOR A 3,000 SOLES (ABOUT \$70) MONTHLY SALARY INCREASE. MOST RECENT OFFER BY BANKS WAS LITTLE MORE THAN HALF UNION DEMANDS. FACED WITH BANK SHUTDOWN, GOP HAS VACILLATED BETWEEN NEGOTIATION AND HARD LINE. UNION LEADERS WERE ARRESTED DURING MARCH 20 PROTEST STRIKE BUT RELEASED A FEW HOURS LATER AFTER CGTP ENTREATIES. LABOR MINISTRY MEDIATION UNDER PERSONAL DIRECTION OF LABOR MINISTER DANTE POGGI FAILED. THE LABOR MINISTRY THEN DECREED A SETTLEMENT OF 1800 SOLES, AND THE MEDIA DECLARED STRIKE SETTLED. HOWEVER, THE FEB HAS REJECTED THIS UNILATERAL GOP DECISION AND CONTINUES ITS EFFECTIVE WORK STOPPAGE.

3. LABMIN SOURCES TELL EMBASSY THT GOP NOW PLANS TO DECLARE STRIKE ILLEGAL AND PROCEED TO JAIL UNION LEADERS UNLESS THEY

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RETURN TO WORK ON BASIS GOP-DECREED SETTLEMENT.

4. BOTH STRIKE AND GOP HANDLING OF IT MAY BE A DRESS REHEARSAL FOR POSSIBLE TEACHERS STRIKE WHEN SCHOOLS OPEN IN APRIL. TEACHERS, ORGANIZED IN MILITANT LEFTIST UNION (SUTEP) ARE ALSO DEMANDING 3,000 SOLES PER MONTH INCREASE. GOP SO FAR HAS FIRMLY REJECTED THE DEMAND, CONTENDING THAT TEACHERS HAVE ALREADY RECEIVED SIGNIFICANT INCREASE IN PAST FEW MONTHS. SHOULD TEACHERS STRIKE BE CALLED, VIOLENT GOVERNMENT/TEACHER CLASHES OF THE KIND THAT OCCURRED IN 1973 CANNOT BE RULED OUT.

5. AT A TIME OF POLITICAL INSECURITY DUE TO VELASCO'S HEALTH AND AFTERMATH OF FEBRUARY 5 DISORDERS, GOP MUST HOPE TO AVOID TEST OF WILL WITH UNIONS. YET GOP ASSENT TO DEMANDS OF BANKERS AND TEACHERS WOULD INCREASE DISSATISFACTION IN THE OTHER SECTORS. INCLUDING CIVIL SERVICE, AND CONTRIBUTE TO INFLATIONARY SPIRAL.

6. FOR ITS PART, THE CGTP LABOR FEDERATION, IN SPITE OF ITS PROCLAIMED SUPPORT OF THE PERUVIAN REVOLUTION, IS ASSUMING A MORE MILITANT POSTURE VIS-A-VIS THE GOP. THE CGTP CONTENDS THAT MANAGEMENT WITH THE CONCURRENCE OF GOP LABOR OFFICIALS IS CARRYING OUT AN ANTI-CGTP OFFENSIVE. IN ADDITION TO BANK STRIKE, THE CGTP CITES AS EXAMPLE THE RECENT SWITCH OF MARCONA UNION FROM CGTP TO CTRP (GOVERNMENT-CONTROLLED UNION) CONTROL. POLICE WHICH HAD CLOSED UNION HEADQUARTERS FOLLOWING FACTIONAL DISPUTE LATER TURNED KEYS OVER TO CTRP GROUP OVER CGTP OBJECTIONS. ALSO CGTP LEADERS

AT MARCONA ARE UNDER LEGAL PROCESS FOR FINANCIAL SKULDUGGERY.

7. THE CGTP, IN VEILED THREAT PERHAPS INTENDED ONLY AS BARGAINING COUNTER, CALLS UPON GOP OFFICIALS TO SUPPORT UNION DEMANDS IN INTEREST SOCIAL JUSTICE AND TO AVOID LABOR STRIFE WHICH "COULD AFFECT THE INTEGRITY OF THE REVOLUTION". GOP LABOR OFFICIALS, HOWEVER, APPEAR TO BE ACTING ON PREMISE THAT INTEGRITY OF REVOLUTION MAY BE BETTER PROTECTED BY HOLDING THE LINE ON WAGE INCREASES AND SEEKING CRTP CONTROL WHEREVER POSSIBLE.

8. THE MILITARY GOVERNMENT USED FORCE TO BREAK THE FEBRUARY POLICE STRIKE RATHER THAN ACCEDE TO WAGE DEMANDS. GOP CONCLUSIONS REGARDING THAT ENCOUNTER AND ITS AFTERMATH MAY DETERMINE WHETHER OR NOT FORCE WILL BE USED AGAINST TEACHERS OR OTHER STRIKING LIMITED OFFICIAL USE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNION GOVERNMENT RELATIONS, LABOR UNIONS, LABOR STRIKES, BANKS, COMMUNIST LABOR ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA02430
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750104-1075
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750319/aaaaaqkr.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2003 by WorrelSW>; APPROVED <14 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOP FACES LABOR DIFFICULTIES
TAGS: PINT, ELAB, PE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006